



FISCAL MEMORANDUM

HB 2697 - SB 2754

February 25, 2022

SUMMARY OF BILL AS AMENDED (012931): Requires the Board of Cosmetology and Barber Examiners (Board) to issue a new license as a Barber instructor to a licensed instructor of cosmetology so long as they have completed certain training techniques in barbering and to issue a new license as an instructor of cosmetology to a licensed barber instructor so long as they have completed certain training techniques in cosmetology and pedicuring.

FISCAL IMPACT OF BILL AS AMENDED:

Increase State Revenue –

Exceeds \$5,500/FY22-23/Board of Cosmetology and Barber Examiners

Exceeds \$5,500/FY23-24/Board of Cosmetology and Barber Examiners

Exceeds \$4,800/FY24-25 and Subsequent Years/

Board of Cosmetology and Barber Examiners

Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two-year period. The Board of Cosmetology and Barber Examiners had a surplus of \$156,438 in FY19-20, a surplus of \$93,420 in FY20-21 and a cumulative reserve balance of \$1,147,716 on June 30, 2021.

Assumptions:

- The Board provides the following information:
 - 160 licensed Barber Instructors;
 - 1,223 licensed Cosmetology Instructors;
 - Registration fee for new license is \$80;
 - A biennial fee of \$70 beginning in FY24-25.
- Both Barber and Cosmetologist Instructors already pay a biennial fee of \$70 for renewal; however, this provision would require an additional \$70 biennial fee as the instructor would now obtain two separate licensures.
- The exact number of new licensees cannot be reasonably determined; however, for this analysis it is assumed that at least 10 percent would be interested in instructing both fields in their occupation for increased career opportunities.
- An increase of at least 10 percent of the combined current licensees, or 138 (1,223 cosmetology instructor + 160 Barber Instructors) new licensures, will occur over the first two years as a result of this legislation.

- Assuming 50 percent become licensed in FY22-23, the increase in state revenue is estimated to exceed \$5,520 [$\$80 \times (138 \times 50\%)$].
- The remaining 50 percent will be licensed in FY23-24; the increase in state revenue is estimated to exceed \$5,520 [$\$80 \times (138 \times 50\%)$].
- In FY24-25 and subsequent years, there will be licensure renewal fee revenue resulting in an increase in state revenue exceeding \$4,830 [$(138 \text{ licensees} \times 50.0\%) \times \70].
- Based on information provided by the DCI, the Board can accommodate any new rulemaking expenditures and additional expenditures related to additional applications utilizing existing resources.
- Public Chapter 964 of the Public Acts of 2014 conjoined the Board of Cosmetology and the Board of Barber Examiners into one Board, the Board of Cosmetology and Barber Examiners. This Public Chapter was enacted on July 1, 2014.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two-year period.
- The Board of Cosmetology and Barber Examiners had a surplus of \$156,438 in FY19-20, a surplus of \$93,420 in FY20-21 and a cumulative reserve balance of \$1,147,716 on June 30, 2021.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumptions:

- The cost of licensing will be paid primarily by individuals and not businesses; the fiscal impact on business expenditures is estimated to be not significant.
- The increase number of licensees will not have a significant impact to the number of jobs in Tennessee.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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